MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BIT 3104 – INTERNATIONAL TRADE AND POLICY

(All sections / Groups)

21 OCTOBER 2016
3.00pm – 5.00pm
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages with 5 Questions only.

2. Attempt **ALL** in Section A. Attempt any **TWO** questions in Section B. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please print all your answers in the Answer Booklet provided.

Section A : Attempt all questions

Diplomatic and security circles in Malaysia are in a tizzy over reports that about 100 foreign fishing boats had encroached on the country's waters. On Thursday, Minister in the Prime Minister's Department Datuk Seri Dr Shahidan Kassim said at the Parliament lobby that the boats were near Beting Patinggi Ali, or Luconia Shoals, a nondescript maritime feature some 150km off the coast of Bintulu, Sarawak.

While he did not specify the provenance of the ships, security officials were quoted as saying that they were fishing boats escorted by Chinese coastguard vessels. Malaysian assets, comprising ships and planes from the Malaysian Maritime Enforcement Agency (MMEA), Royal Malaysian Navy (RMN) and Royal Malaysian Air Force, are reportedly monitoring the situation.

There's a lack of precise of information publicly available. Latest reports citing MMEA director-general Admiral Datuk Ahmad Puzi Ab Kahar state that only 82 ships were in the area on Friday. Unaccountably, a RMN official said a Malaysian naval ship in the area did not see a large flotilla of foreign fishing boats, but did sight a Chinese coastguard vessel. However, the presence of the Chinese ship was brushed off as "not that big of a deal", as United States naval ships regularly sailed through the area.

Shahidan, who oversees the National Security Council, had said he would propose that MMEA share the coordinates of the boat sightings with RMN. The discrepancy between what MMEA and RMN are saying is not reassuring. While it might not mean that there is a lack of coordination between the civilian and military arms of national security, the remarks by Shahidan and the chiefs of MMEA and RMN give that impression.

Being a trading nation that straddles major shipping routes, Malaysia should make maritime security a cohesive multi-agency effort. Trillions of ringgit in international trade pass through the Straits of Malacca and South China Sea every year, and it is Malaysia's obligation to itself and the world to properly police these routes.

While the Straits of Malacca is largely under control, things get complicated in the South China Sea. The spectre of overlapping territorial claims between Malaysia, the Philippines, Vietnam, Brunei and China is still rearing its ugly head, and shows no sign of going away soon. Recent incidents involving China, in particular, make for alarming reads. On March 19, Indonesian authorities arrested eight Chinese fishermen near Natuna Islands. But, the intervention of a Chinese coastguard vessel prevented the fishing boat from being impounded by Indonesia. Jakarta now says it will prosecute the fishermen, while Beijing insists the eight did no wrong, as they were in "traditional Chinese fishing grounds".

Continued...

Indonesia does not have overlapping claims in the South China Sea dispute with China, but it has been robustly defending its fishing grounds under President Joko Widodo's plan to make maritime resources, like fisheries, a key component of his economic policy.

Three days later, it was reported that Philippine fishermen at Scarborough Shoal — a maritime feature 220km from the Philippines main island of Luzon — had resorted to petrol bombs to ward off a Chinese coastguard vessel. And, earlier this year, there were reports of China installing radar and missiles on artificial islands it had built in the sea, raising fears of militarisation.

Governments in the dispute, despite their posturing, are eager to prevent a flare up in tensions, while at the same time occasionally flying the flag through the areas they claim. But, these latest incidents could mean China's state-sanctioned trawler fleet is seeking fisheries further afield while fishing moratoriums in its territorial waters are in place.

This could bring a modern and well-equipped fleet, backed by the coastguard, into more conflict with the relatively poorer fishermen of Asean nations. And, with Malaysian fishermen reporting dwindling catches in the South China Sea because of the heatwave, competition over scarce fish stocks could boil over. This is not the first time the waters around Beting Patinggi Ali were encroached upon by Chinese boats. It was reported last year that Chinese coastguard vessels had been loitering in the area under the watchful eyes of Malaysian authorities.

Foreign Affairs Minister Datuk Seri Anifah Aman had told Parliament on Thursday that the government did not consider Beting Patinggi Ali as a disputed area. Being 200 nautical miles from Sarawak, the shoals are within Malaysia's Exclusive Economic Zone, as set by international law. Putrajaya has been restrained in its response, preferring quiet diplomacy rather than grandstanding in the press and at international fora. Both countries enjoy close trade and diplomatic links, and there is much goodwill among Malaysians towards Beijing.

But, the foreign policy mandarins in Beijing should realise that there is only so much goodwill in the world, and no country likes to be pushed around. As a new world order is emerging, it is within China's interest to be seen as a superpower that follows the rules.

(Source : NST (2016) Heat rises over maritime dispute)

Continued...

1. Based on the article, explain **FIVE (5)** effects of this dispute to international trade.

(25 Marks)

2. How would this affect Malaysia's trade situation? Provide **FIVE (5)** justifications.

(25 Marks)

Section B : Attempt any TWO (2) questions

3. A study conducted by a US-based global information company IHS Inc. found that Malaysia has been ranked as one of the top ten Asia Pacific's foreign direct investment hotspots (NST, 2016). Provide **FIVE (5)** supportive justifications with appropriate examples that makes Malaysia as one of the hotspots.

(25 Marks)

4. Datuk Seri Nazir Razak argued that Asean has reasons to be optimistic of its future (NST, 2016). Explain **FIVE (5)** reasons.

(25 Marks)

5. Many Honda cars were recalled due to faulty air bags (NST, 2016). Faulty component risks the lives of people. Justify **FIVE (5)** points with examples on the need to proper safety standards in the automobile industry.

(25 Marks)

End of Page